

FACT SHEET

U.S. Department of Housing and Urban Development ♦ Office of Multifamily Housing Programs

Delivering Technology Access to America's Communities



Developing Microenterprise Opportunities at Neighborhood Networks Centers

Residents and youth from the Shoretech Computer Learning Center in Chicago, Illinois, teamed with the owner of a local restaurant to learn how to prepare healthy, nutritious meals using produce from the center's garden. The partnership has grown and the restaurant owner now orders fresh vegetables and herbs from community garden. As a result of this partnership, families earn extra money by selling their produce to the restaurant and at the local farmers market. Neighborhood youth are also learning about working together; 25 to 30 youth participating in after-school programs have learned about proper times to plant and harvest different vegetables and are responsible for preparation, planting, and maintenance of the cooperative garden.

This is just one example of microenterprise businesses that may be established at Neighborhood Networks centers.

What is microenterprise?

A *microenterprise* or *microbusiness* is generally a business with fewer than five employees and capital needs of less than \$35,000 that is generally unable to access commercial banking services. Many microbusinesses are home-based: some are part-time entities, and some provide an opportunity for low-income households to become more self-sufficient.¹

Microbusinesses can be found in rural, urban, and suburban areas. Many of the would-be entrepreneurs served by microenterprise development programs have little money and limited access to economic resources.

Why is microenterprise important?

- ♦ Self-employment and microenterprise are major income-producing activities in both rural and urban areas.

- ♦ Creating and maintaining enterprise opportunities is an important development strategy for disadvantaged communities and neighborhoods.
- ♦ Self-employment and microbusiness opportunities can be especially important for non-traditional entrepreneurs including women, minorities, low-income individuals, and dislocated or underemployed workers.
- ♦ The microenterprise sector serves as an important safety net that makes communities more reliant and viable.

How can Neighborhood Networks centers benefit from microenterprise?

Microenterprises offer Neighborhood Networks center users an alternative means of income or a supplement to a salary or wages earned through employment. In addition to business training, educational and social support, guidance about accessing capital, and technical assistance, a center-based microenterprise development program offers participating residents an additional means of increasing their



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1. Source: Microenterprise Development in the United States: An Overview. Microenterprise Fact Sheet Series. The Association for Enterprise Opportunity, 2000.

income, improving their standard of living, and achieving their long-term goal of attaining economic self-sufficiency.

Microenterprise development

A variety of business activities can be conducted at a center. These activities include outsourcing, small business support, self-employment, and entrepreneurship.

- ◆ Outsourcing involves the center's being hired by an organization or business to undertake a task that it could perform, but chooses to contract out to another organization. Outsourcing activities may include payroll processing, data processing, or inventory. A center might be able to perform tasks for local businesses, government agencies, community-based organizations, or schools for a fee, thereby employing center users who can earn revenue for themselves and the center.
- ◆ Small business support is an activity where a center is made available to users to support their business operations. The center supports the business activities of users rather than establishing itself as a business.
- ◆ Self-employment activities allow individuals to use center facilities if they have been hired to perform tasks for a fee. Activities might include designing brochures, creating Internet Web sites, providing photocopying services, or offering technical assistance to establish a computer system.
- ◆ Entrepreneurship is defined as a business activity that allows a center user or former user to establish a business at home or at another location using skills learned at the center.

Important considerations for centers considering microenterprise development

- ◆ The center will need to develop a business plan that includes a summary of projected income and expenses and a timeframe for anticipated profits.
- ◆ The center is likely to need new equipment and the latest software to be competitive.

- ◆ The center must develop a system for sharing profits.
- ◆ The center would work with teenagers and young adults to fulfill business contracts, acquire business skills, and develop relationships with the business community.
- ◆ Both the center and individuals will have the potential to earn money.

Additional microenterprise resources

Aspen Institute: publishes the Directory of U.S. Microenterprise Programs and other informative documents (www.aspeninstitute.org or call (202) 736-5800).

Association for Enterprise Opportunity: serves economically disadvantaged entrepreneurs. It is a member-based national trade group of more than 500 organizations and individuals (www.microenterpriseworks.org or call (703) 841-7760).

Federal Interagency Workgroup on Microenterprise Development: coordinates federal agencies involved in microenterprise efforts (www.sba.gov/microenter).

Institute for Social and Economic Development: focuses on microenterprise development and social research. It is a nonprofit organization (www.ised.org).

Ewing Marion Kauffman Foundation: offers the Kauffman Center for Entrepreneurial Leadership. It is a private foundation (www.emkf.org).

Southern Rural Development Center: supports research and extension efforts to improve the lives of people living in nonmetropolitan areas of the United States (www.ext.msstate.edu/srdc).

State microenterprise associations: provide entrepreneurial training, technical assistance, and financial and other support services to low-income individuals. A directory is available from the Corporation for Enterprise Development. Twenty-five states have associations of agencies and individuals (www.cfed.org or call (202) 408-9788).

